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THE TABLET.

No. XCII.

"*In an unsettled state of government, property frequently changes both its possessor and its value.*"

FROM the sketches contained in the two preceding essays, I hope the reader has been led into a train of reflections on the comparative situation of *original and purchasing* holders of public securities. I hope likewise that the result of a fair examination of the facts will convince an unbiassed mind, that the different classes of creditors have sustained a proportion of the losses, more equal than has been usually represented. It must be observed, that a very considerable part of the real expence of the late war has fallen upon individuals in such a manner, as to exclude the possibility of an equitable mode of recompence. If an attempt were made to indemnify the sacrifices, and reward the services that have not yet been taken into view, in the settlement of claims, it would create such knavery and discord in society as to defeat every advantage we hope to derive from independence. In a revolution that originated in patriotic enthusiasm, and was conducted without system, it must be expected innumerable disorders will prevail, that admit of no remedy.

The advocates for discrimination, between the different classes of creditors, seem to suppose that the public securities are engrossed by a very few people. It has been mentioned that the greatest part of the public debt is in the possession of about one hundred persons. This surmise is without any foundation. There are, it may be presumed, not less than twenty thousand proprietors of our domestic debt. The outcry against speculators is raised without a knowledge of their character, or their numbers. Indeed there are some people under such a mistake, as to suppose that brokers are the only speculators, who hold large sums of the securities. This is so far from being the case, that a broker, strictly speaking, is no speculator at all. The profits of a broker accrue from the difference of prices, at which he daily buys and sells. Custom has established a difference at market, between what is called the buying and selling price. This affords the negotiator of paper, a commission that compensates for his time and attention. If he is a discerning industrious man, he may acquire by the extent of his business a large accumulation of gain. But he is still a different character from a speculator. The broker buys for other people; the speculator buys for himself. Both characteristics are sometimes blended in the same person. The real speculator however purchases an article to wait the event of the future market; and many persons who purchased securities at the close of the war, have held them through all vicissitudes, and determine to gain or lose by the final arrangements of government. Some of the most respectable characters in the United States are included in this description.

I now proceed to the object of this Essay, which is to enquire the causes that have generally induced original creditors to sell their certificates. The remark in my motto furnishes the best reply I can make to the question. All kinds of property fluctuated during the war, and soon after the close of it. Nothing preserved a stable value.—Various motives excite people to speculate. A spirit of adventure is awakened. It can hardly be supposed that people had any special reasons for selling securities, more than for selling other property. Different men entertain different ideas respecting the future value of articles, and this induces one person to buy and another to sell. There is nothing more extraordinary in the negociations of certificates either with respect to loss or gain, than has occurred relative to many descriptions of merchandize.—I will not pretend but some persons may have been compelled by necessity to alienate their securities; but where one dollar has been sold from that cause, thousands have been sold from other causes.

The loan certificates could not, in many instances, have been disposed of, from necessity. Men who have money to loan, are not commonly poor men. The loans were, for the most part, voluntary; and therefore the lenders cannot make the plea of compulsion. When men could conveniently spare money, they lodged it in the loan office; and when it was more convenient for them to acquire money they sold their certificates.

It is said that the soldiers have been in indigent circumstances, and could not retain their securities till the present time. That some of them were necessitous I will not deny. But it should not be conjectured that the bulk of the army left the service, in a worse condition, than they entered into it. In the late period of the war the troops were well fed and clothed. The army was composed mostly of young and middle-aged men, who were full of health and vigor, when they were discharged. They mingled among the citizens, and could easily find employment. In such a situation, it cannot be conceived that they were reduced to extreme indigence. The fact is, it does not comport with the character of a soldier to keep loose property in his hands. He has a liberal spirit, and distributes freely what he possesses. Circumspection in money-matters is a rare qualification among men who feel a high degree of military ardor.

It has not been my intention to consider the question of discrimination on its general merit. I only had it in view, to convince the reader, that the relative situation of the different classes of creditors was not so strikingly different, as to furnish either with a claim on government, to interrupt the regular course of discharging the public engagements

CONGRESS.

HOUSE OF REPRESENTATIVES.

TUESDAY, FEB. 16, 1790.

IN committee of the whole, on the Report of the Secretary of the Treasury. Mr. Madison's motion for a discrimination still under consideration.

(Mr. WHITE's Speech concluded.)

Mr. White then endeavored to obviate some of the objections to the measure, on account of its impracticability; and, in general terms, observed, that much greater pains had been taken to shew the impracticability than the injustice of it. He said, if it was just we ought to adopt it; and he did not doubt but the wisdom of the legislature would be able to carry it into effect. Purchasers, he said had been represented as the supporters of public credit; but he could not consider them in that light. The offering a tenth or an eight part of the value of a bond of an individual, would tend rather to blast his credit, than to support it and it would have the same effect with respect to the public.

He said he had lived long enough to be convinced, that wise and great men, having the same object in view, often differed in opinion with respect to the means of accomplishing it: therefore every proposition ought to be treated with candor and respect. He made the observation in consequence of what passed yesterday: a gentleman from Massachusetts had introduced his speech in a manner somewhat new—with an apology for an impropriety which he *intended to commit*; he pursued the arguments of those who went before him, in opposition to the amendment; but his speech consisted principally in an effusion of approbious epithets. Some of which Mr. White repeated, and said to detail the whole would perhaps fill half a column of a newspaper. He said he felt on the occasion, not for himself, for he had not expressed his sentiments on the subject under debate; but for the honor of the house, in which he thought no such language ought to be used.

It had been said we came forward as volunteers; that the original holders did not put in their claim. This might be easily accounted for: they were generally obscure and indigent; had too much modesty, or perhaps not the capacity, to come forward. That he believed the crowd in the gallery did not consist of original holders.

A gentleman from New-York (Mr. Benson) had objected to multifarious propositions. He was not certain that he understood the word; but had never considered it as applicable to two. That the proposed amendment had brought the business to such a state, that we had the choice of two systems. In order to determine which to adopt, it is necessary to examine the merits of both. That proposed by the Secretary of the Treasury he considered as exceptionable; that the proposed reduction of interest was a breach of public faith; for although it was to be effected by the consent of the creditors, it would operate as coersion with respect to the original holders. He doubted not but the purchasers would eagerly embrace the proposal of 4 per cent. on the nominal sum: The original holders would not—they would wait for a more favorable determination; if they ever should consent it would be with reluctance, and because they find they should get nothing in any other way. The proposed disposition of the surplus revenue among the nonsubscribers, can have no effect: If government do not chuse to pay more than 4 per cent. interest, they will levy taxes only to that amount. The inducements to the acceptance of his several propositions, in consideration of the reduction of interest, are all futile. Western lands to the amount of one third! It is well known that western lands are not a property in much estimation among the holders of certificates.

With regard to his other propositions, of annuities and remote payments, it may be observed, that the proposed reduction is not founded on the inability of the States to pay, but on the principle of expediency only, lest taxation should be extended to a degree and to objects which it might not at this time be proper to attempt. Now, what security have we that the same principles of expediency will nor operate ten years hence?

He observed, that the purchase of annuities had not been practised in America, and did not think it would become an object as it was in Europe. That in Europe there were many single men, who carried their views no farther than their own lives, and who, as they advanced in years, became fearful of difficulty and distress in old age: But this seldom happened in America; there were few without families, and the ease of procuring subsistence removed all apprehension of suffering in old age. Besides, a man in most parts of the country could realize his money in such a manner as to double its value in 15 years.

With regard to public opinion, he would say nothing, as he had no documents to support what he might advance. He might, however conjecture from the operation of the several systems.

If the amendment should be adopted, the taxes would be encreased, but at the same time rendered more easy; as the means of payment would be in so many more hands. The people would see their indigent neighbors relieved, and those who had rendered services to their country in some degree rewarded.

But if the plan proposed by the Secretary should be adopted, the present holders of certificates, men without public merit, however respectable they may be in their private characters, will be raised to an enviable state of wealth; the people, he presumed, will very ill brook the payment of taxes, when they see them applied to such purposes. Besides, we are told, that 5,000,000 dollars have been purchased in Holland; the interest of which will perhaps equal the whole expences of our civil government. Will the people approve of such a tribute, unless we can convince them of the justice of it? If it is just, if we have received value for it, no doubt but we must submit to the burden, however great it may be.

Mr. Hartley said that from the observations which have fallen from gentlemen on this occasion, he thought it his duty to give his opinion; tho he acknowledged that the gentlemen who spoke yesterday had done better justice to the subject than he could.

He then entered into a consideration of the nature of contracts; and observed, the securities of the United States, are a fair and absolute contract; and placing the subject in a political and commercial view, he shewed that an interference on the part of government would be subversive of all those principles, on which every species of negociable paper is founded.

He reprobated the attempting a discrimination: He said the neareſt and dearest connexions he had in life would be benefited by the measure, but on general principles he must be opposed to the idea. If any compensation is to be made to the original holders who have alienated their securities, some other mode must be devised. Mr. Hartley concluded by some particular remarks on Mr. Jackson's observations.

Mr. Moore supported Mr. Madison's proposition. He entered into a particular discussion of the subject, among other observations he said, that if public opinion was to be fairly taken, nine out of ten would be found in favor of discrimination.

The soldiers, who after the war had parted with their certificates, were uninformed even of the resolves of Congress; and it was the interest of the speculator to keep them in the dark. They had followed the poor soldier, and attended at the spot where they could take the greatest advantage.

Mr. Moore concluded by expressing his approbation of the amendment, which he thought was founded on principles of justice and equity.

Mr. Wadsworth said that it appeared to him the question was totally misunderstood; the object appeared to be to benefit the army; and if this could be effected to any substancial purpose, I should be in favor of the attempt; but when I reflect that it would produce directly the contrary effects, I must entirely reprobate the plan.

There is nothing further from the truth than the assertion that the soldiers in general of the late army sold their securities through necessity. It is true that a great proportion of the army sold their securities, but they were of that description of men who never fail to divest themselves of all the property they get immediately. He entered into consideration of the circumstances that led to the alienation of the securities: The exigencies of the country were such as made the necessity of speculation apparent to every body; and, that there was great credit due to those who in the darkest times of public affairs confided in the public faith, greatly to their own loss in innumerable instances: For it is a fact that the intermediate holders of public paper have suffered much more than the original holders. He expressed his disapprobation of the term so frequently repeated, "the poor soldier," as a fair and impartial statement of facts would shew, that the American soldiery had been better paid than any other army whatever; and much better than the officers: He made a statement of the actual amount received by the solders in bounties from the Continent, States and towns, which amounted, in the eastern States where the chief of the army had been raised, to 250 dollars pr. man upon an average from the state only. Mr. Wadsworth instanced a great variety of difficulties which would arise to render impracticable the plan proposed. These were of a similar nature to those which Mr. Boudinot and other gentlemen had stated.

Mr. Goodhue observed, that the gentleman from Virginia, who has advocated this discrimination, having acceded to the proposition, that a contract fairly understood between the contracting parties, and where a proper consideration was given, ought upon no terms whatever to be violated, it became the committee to try the question by this standard; and it sometimes happens, that we are so blinded by existing circumstances, that by reversing the scene in our minds, we are more likely to detect an erroneous sentiment than by any other argument. Let us suppose for a moment, that the late war had been prolonged to a degree, that the debt contracted in its prosecution, became so enormously large, that the abilities of the United States, would enable them to pay but five shillings in the pound, and a number of persons, who had purchased securities at ten shillings, should come forward, and pray they might be authorized to call upon the original proprietors, to refund five shillings of the purchase money—can any body doubt what the answer would be? Would they not be told, from all quarters, that they purchased upon the contingency of the public ability? That it might have happened, that they would have got twenty shillings for what cost them but ten, it has turned out otherwise, they took the risque upon themselves, and therefore must abide the loss? This has been the understanding, which has universally prevailed, and every transaction of the United States, relative to assigned securities, as well as the security itself, in its very face, establishes such an understanding.

Mr. Goodhue further observed, that agreeably to his idea, public credit, became a desirable object chiefly for this reason, that in times when great exertions became necessary, the public might avail themselves of services and supplies, beyond what they may have money on hand sufficiently to command—this was to be done only by promisory obligations, and in order to have any effect and answer the purpose, they must be made assignable—he then asked, if the principle of a discrimination, contended for, had existed during the late war, or if it had been understood, any advantage was afterwards to be taken of an assigned security, which assignment was legalized in the very security itself, what would have been the consequences? Would it not have put a period to our credit and exertions? Would not such a principle now established, be an effectual bar to our future credit.

Mr. Goodhue acknowledged, that the case of many soldiers and others, who from necessity were obliged to part with the pledges of their public service for a small consideration, was peculiarly hard, and they were intitled to our compassion and generosity, but not at the expence of our national honor and solemn engagements

☞ *The observation of Mr. Gerry, alluded to by Mr. Jackson, was not "ultima rex regum" or "ultima lex regum" or "ultima lex regnum" as has been by mistake inserted, but* "ultima ratio regum."

WEDNESDAY, FEB. 17.

Mr. Madison's motion under consideration.

Mr. Page said that he thought it proper to express some ideas to the committee upon the question, lest it should be said that either a blind attachment to the mover on the one hand, or pusillanimity on the other influenced his vote—It has been said by some persons that the motion is infamous, by others it is supposed to be founded on strict justice, I hope a fair and temperate discussion will take place.—The enquiry is, whether we did not owe the

officers and ſoldiers of the late army—and whether we have ever paid them. If we have not, is it not juſtice that they ſhould be paid. This is bringing the matter to a point; and I cannot but agree with my colleague, that we are as a Court of Equity, from whom theſe people have a right to expect juſtice; and we may remember, that however *we* may decide, there is a Judge who will do juſtice.

The time is now arrived when juſtice ſhould be done: This time has been patiently waited for; and I don't ſee how we can avoid doing full juſtice to the utmoſt of our power.

He then obſerved, that it appeared to him much greater injuſtice would be done in paying the ſpeculators the full ſum; it was more than they ever expected, for they had often expreſſed their doubts of government's ever paying off the ſecurities. Upon the plan propoſed, they will gain a profit in general, beſides the intereſt of their money. It has been ſaid, the ſecurities are a contract between the holders and the government: This is ſtrictly true as it reſpects the original holders. The meaſure it is ſaid will operate as an *ex poſt facto* law: He had recurred, he ſaid, to the Conſtitution, and found the clauſe had reference to Bills of Attainder: On this idea, government may not interfere in any caſe of fraud, for that unfair repreſentations were uſed with the unſuſpicious and needy ſoldier, cannot be doubted. He hoped that gentlemen would not be taxed with want of candor, for addreſſing their arguments to the heart as well as the head. When a caſe is doubtful, the heart is often the ſureſt director. It is happy when they both concur in our deciſions.

Mr. Boudinot: I conſider the right determination of this queſtion, as the key ſtone to the fabric of the public credit: As we lay this, will be the weakneſs or ſtability of the ſtructure. He had thought differently, at different periods, on the preſent ſubject. He rejoiced that it had been brought forward, and hoped it would be diſcuſſed with candor and deliberation. He wiſhed that the Houſe ſhould conſider themſelves as acting in the character of a *National Legiſlature*. If we loſe ſight, ſaid he, of this idea, we ſhall do great injury to the ſubject, and every ſtep we take we ſhall plunge ourſelves into ſtill further difficulties. He obſerved, that there appeared to be a coincidence in one particular ſentiment, and that is, that the debt is juſt, honorable, and meritorious. It is alſo agreed that great part of this debt has been liquidated, and ſtipulated terms of payment given.

The incapacity of the United States was the only cauſe of that ſpecies of evidences of the debt's being given, which have from the ſame cauſe depreciated. [Here he read the Ordinance of Congreſs, empowering the original holders of certificates to transfer them; in which the transferrees are conſidered as perſons diſcovering "*the moſt confidence*" in the government.] He then obſerved that the propoſition offered by the gentleman from Virginia, was brought forward in ſuch manner, as to demand the moſt fair, candid, and decent inveſtigation. [Here he read the ſeveral claſſes into which the creditors are divided by Mr. Madiſon.] With reſpect to the firſt claſs, thoſe who have retained their ſecurities, he agreed with the gentleman. In regard to the ſecond, thoſe who alienated, he ſaid he could mention many perſons in this predicament, as meritorious as any deſcription of ſufferers that can be named; but as the gentleman had not held them up, as objects of future indemnification, he ſhould ſay nothing more reſpecting them. He then adverted to ſubſequent parts of Mr. Madiſon's ſpeech, and obſerved, that gentlemen had uſed particular terms, in ſuch manner, as to induce ſome confuſion. He inſtanced Public Faith, Public Credit, and Public Juſtice, &c. With reſpect to the original creditors, he preſumed that gentlemen would not contend that the perſons, in whoſe names the ſecurities are iſſued, are only to be conſidered as ſuch; as it is demonſtrable by inconteſtible facts, that far the greateſt part of original holders' names do not appear in the certificates. He then defined the term Juſtice, and obſerved, that Public Juſtice is diſtributive juſtice; and is often a different thing from private juſtice; the latter may operate *partially*, the former always *generally*—and in this way equally. He pointed out the preciſe ideas on which the public paper was iſſued—that the contracts were formed upon the idea of the transferable quality of the payments to be made; the transferree is therefore *ipſo facto* the original creditor. He then adverted to the doctrine of inſurance, and from a variety of deductions, ſhewed that the probable value of the ſecurities had been paid in all the ſtages of negociation. He quoted D'Avenant, and the Secretary of the Treaſury, to ſhew, that ſtock on intereſt, agreeable to all the rules of calculation, is always leſs valuable than caſh. Sir William Davenant ſays, that a capital of 10s. is worth only 7s. caſh. He reverſed the preſent ſituation of the country, and placed the purchaſer of the public paper in the circumſtances it would probably have been in, had the country loſt its independence—and aſked whether the ſufferer who had confided in the final ſucceſs of the country, would conceive that the ſeller was bound to indemnify him for his loſs? He further inſiſted on the exiſtence of the contract—and inſtanced the common and univerſal practice of merchants, and others, in all transferable and negociable buſineſs—and from all inferred, and inſiſted that the aſſignee ſtands preciſely in the ſhoes of the aſſignor. From this he adverted to the objection, ariſing from its being an *ex poſt facto* buſineſs—and as we are expreſsly precluded from paſſing any ſuch law, the propoſition involved a moſt palpable violation of the Conſtitution. The gentleman laſt ſpeaking in reply to this objection, ſays, that on recurring to the Conſtitution he found that the clauſe referred only to paſſing bills of attainder.

Mr. Boudinot then read the clauſe, and remarked that he conceived the gentleman had given the clauſe but a curſory reading—the paſſage runs thus, "Congreſs ſhall paſs no *ex poſt facto* law—*or* any bill of attainder"—He then pointed out the particular operation of the meaſure—as being retroſpective to the fulleſt degree.

He combated the idea that Congreſs has a right to ſet as judges on this queſtion—and inſiſted that this would prove ſuch a violation of the conſtitution as muſt make every man ſhudder at the conſequences—Congreſs are not competent to determining queſtions of juſtice and equity between citizen and citizen—this is ſuch a queſtion—and our judicial courts are alone competent to determining the matter.—Mr. Boudinot dilated largely on this ſentiment in this part of his ſpeech—and repreſented the evil effects that would reſult, from Congreſs forming itſelf into a court of judicature.—He then entered into a conſideration of the effects which ſuch a meaſure would have on the public credit—he ſaid in his opinion it would be a fatal ſtroke to its very exiſtence—all public confidence would be deſtroyed—the public ſecurities would immediately ſink below any price they have ever been at.

He exhibited in ſtriking colours the wretched predicament that all this property would be placed in; a ſituation that would totally fruſtrate all our hopes under the conſtitution—He repeated the obſervation reſpecting the imbecility of the late confederation—and ſhewed that tho the individuals who compoſed that body were perſons of the ſtricteſt honor and probity—yet in the public character which they held as legiſlators, judges and executors, they were conſtantly diſcovering by their deciſions that perſonal property and private rights could not be protected in ſuch an aſſembly—a full conviction of this, brought about a revolution in the government—with reſpect to public opinion—he obſerved that what was ſaid in a private circle or by eighteen or 20 perſons in a neighborhood, could not with any propriety be conſidered as the public opinion—there is in my opinion ſaid he, a better mode of aſcertaining it—and that is by turning to the acts and doings of the people in the ſeveral ſtate aſſemblies—ſeveral of them have been recently in ſeſſion, and in conſequence of the idea being circulated that their reſpective debts would be aſſumed by the general government—they have voted to provide for the payment of the intereſt on their reſpective debts, without ſaying one word about diſcrimination, from whence it was fairly deducible that the public opinion is not in favor of the meaſure.

He enlarged on this article by ſaying, that no evidence of any kind whatever has been offered to the committee, to ſhew that the public opinion is in favor of this idea—on the other hand, the total ſilence obſerved on the part of the perſons who are to be benefited, is a negative proof to the contrary—he replied to the reaſons which had been aſſigned for this ſilence—and thought the diſperſed ſtate and poverty of the ſoldiers could not be conſidered is a ſufficient reaſon.

He entered into a full conſideration of the inſtance of the South Sea bubble, which had been adduced on this queſtion—and ſaid that the circumſtance did not apply, but on the other hand was directly oppoſed to the preſent propoſition—Mr. Boudinot here ſhewed, that the interference of the government on this memorable occaſion was altogether in favor of the public credit, and to oblige the company to make good their contracts.

He took notice of the Miſſiſippi ſcheme—on this he ſaid he could not dilate ſo fully—but from the iſſue of that buſineſs, as exemplified in the conduct of the commiſſioners employed on that occaſion, who plundered the public of millions—he deduced the pernicious effects to be apprehended from appointing commiſſioners as muſt be the caſe, to ſettle the buſineſs on this plan.

Mr. Stone, after an introduction which we did not hear—obſerved, that the members appeared to differ exceedingly in their opinions upon the moſt eſſential principles—on public juſtice ſaid he we appear to differ very widely, the object therefore muſt be to produce as great a union of ſentiment as poſſible—He went into a conſideration of the conſtituent parts of a contract—and inſiſted that their validity depended altogether on the equivalent—where no ſuch equivalent can be adduced, contracts even in England, have never been enforced—He applied this idea to the paper evidences of debt received by the officers and ſoldiers of the late army—no man will ſay that they have received an equivalent for their ſervices—he ſuppoſed that no credit was due to the ſpeculator for his confidence in the public faith—as to the riſk—between buyer and ſeller, there was perhaps not more than one penny difference—Mr. Stone obſerved, that if the ſpeculator purchaſed a ſecurity of £.100, for £.10, on the idea or aſſurance of obtaining the full payment, he was guilty of a fraud—therefore as this is not ſuppoſed to be the caſe, the ſpeculator will have full juſtice done him, by being paid his own money with intereſt, and it ſurely would be as much againſt the feelings of the ſpeculator to receive 10 for 1 for his money as againſt thoſe of the ſoldier to be reimburſed what he had been ſo long deprived of—the inability of the country to do full juſtice is not to be admitted—as he obſerved, that if there were purchaſers to be found, the property of the United States would ſell for 600 millions, and we have only 80 millions to provide for.—He enlarged upon the merits of the ſoldiers—and aſſerted that they had for years, ſuffered as perſons who had been guilty of ſome crime—and this is the ſituation of men to whom America is indebted for her independence—if we do juſtice to theſe men we ſhall eſtabliſh our character for humanity and we ſhall always be able to command the ſervices of ſuch perſons; but if not, the defence of the country will devolve on mercenaries, who *will be paid*.

On the ſubject of diſcrimination he laid it down as a principle that the country could not ſtand the ſhock of a governmental interference in altering the nature of the debt, by paying a leſs ſum than the ſecurities ſpecified—it would ſo contravene their habitual ideas on the ſubject that he was of opinion the moſt fatal conſequences were to be apprehended, ſhould the meaſure be attempted; ſtill it is a proper ſubject of enquiry, to whom this amount is juſtly due—this appears to devolve upon the national Legiſlature as the only authority competent to doing juſtice.

(To be continued.)

WEDNESDAY, FEB. 24.

Sundry petitions were preſented, read and laid on the table.

The bill for regulating the Poſt-Office was read a ſecond time, and referred to a committee of the whole Houſe, to be taken up on Monday next.

Ordered that 100 copies be printed for the uſe of the Houſe.

On motion the memorial of Thomas Barelay was read the ſecond time, and referred to a ſelect committee conſiſting of Mr. Clymer, Mr. Page, and Mr. Sinnickſon.

Several other memorials were read and committed.

In committee of the whole on the Report of the Secretary of the Treaſury.—The aſſumption of the State debts under conſideration.

Mr. Stone, Mr. Sedgwick, Mr. Madiſon, Mr. White, Mr. Ames and Mr. Fitzſimons were the ſpeakers. Mr. Madiſon propoſed the following addition to the reſolution, viz.

And at the ſame time, That effectual proviſion be made for the liquidation of, and crediting to the States, the whole of the expences during the war, as the ſame has been, or may be ſtated for the purpoſe, and that the beſt evidence of the ſame be taken, the nature of the caſe will admit.

This propoſition occaſioned ſome converſation, but the committee roſe without coming to a deciſion.

The Houſe then went into a committee of the whole, on the naturalization bill.

Mr. Baldwin moved that the clauſe which prohibits foreigners from holding lands in the United States, ſhould be ſtruck out; this occaſioned ſome debate, which conſumed the time, without producing a deciſion. Adjourned.

THURSDAY, FEB. 25.

Mr. Gilman of the committee of enrollment, reported, that they had examined the enrolled bill, providing for the enumeration of the inhabitants of the United States, and found it correct: He then preſented it to the Speaker, who ſigned the ſame.

Mr. Boudinot of the committee appointed for the purpoſe, brought in a bill for ſecuring to authors and proprietors, the copy right of Books, Charts, Plans, Maps, &c. which was read the firſt time.

Mr. Thatcher preſented a petition from the weighers, gaugers and meaſurers of Portland, Maſſachuſetts.

The petition of David Cook was read a ſecond time, and referred to the Secretary at War.

Sundry memorials were read and committed.

In committee of the whole on the report of the Secretary of the Treaſury; Mr. Madiſon's amendment to the reſolution for the aſſumption of the State debts under conſideration.

Mr. Huntington ſaid that he did not object to the tenor of the propoſition: but thought the laſt clauſe, "That the beſt evidence ſhall be taken that the nature of the caſe will admit" would afford a dangerous latitude, as it might open the door to innumerable impoſitions, and would ſwell the public debt beyond all conception; if there were any peculiar caſes, ſuch as loſs of vouchers by fire, deva[illegible]tations by war, and other caſualties, proviſion might be made by Congreſs for ſuch caſes: he hoped the words would be ſtruck out.

Mr. White after a ſpeech of conſiderable length, moved that the following ſhould be added to Mr. Madiſon's propoſition, viz. Provided ſuch aſſumption ſhall not exceed the ſum which any ſtate may have advanced above its juſt propoſition, as the ſame ſhall appear upon its liquidation; this produced a debate which laſted the remainder of the day—and an adjournment being called for, precluded any determination on the motion.

FRIDAY, FEB. 26.

The Report of the Secretary of the Treaſury, on the petition of Francis Bailey, was read the ſecond time.

Mr. Burke moved that it be referred to a ſelect committee for the purpoſe of bringing in a bill to provide for the particular caſe of the petitioner.

Mr. Livermore objected to a ſpecial committee. He obſerved, that Mr. Bailey is one of the laſt perſons that needed a ſpecial interference in his favor, as it is impoſſible, according to his own words, for any perſon to find out his invention. He is therefore perfectly ſecure from being injured by counterfeits.

Several gentlemen ſpoke in favor of the motion, and a ſelect committee was accordingly appointed.

Mr. Gerry, to whom the memorial from the commiſſioners on the public accounts, reſpecting the ſalaries of the clerks in their office was referred, reported, that the ſalaries of thoſe clerks ſhould be raiſed to 500 dollars pr. ann. any law of the United States to the contrary notwithſtanding.

Sundry acts and reſolutions of the legiſlature of the State of South-Carolina were communicated by Mr. Burke, and read, among others—

An act to cede to the United States the Light Houſe, &c.

In committee of the whole on the report of the Secretary of the Treaſury; the aſſumption of the State debts under conſideration.

Mr. Madiſon's and Mr. White's amendments were read; the debate was reſumed and continued by Mr. Stone, Mr. Burke, Mr. Clymer, Mr. Ames, Mr. Patridge, Mr. Fitzſimons, Mr. Sherman and Mr. White: and the queſtion being taken on Mr. White's motion, it paſſed in the negative—32 to 15.

Mr. Madiſon's motion being again read—after a ſhort introduction, he moved, that the following proviſo ſhould be added to it, viz. Provided that in caſe a final liquidation and adjuſtment of the whole of ſuch expenditures, and proviſion for the payment of the ballances due from Debtor States to Creditor States, ſhall not be made before the ——— day of ——— the debts aſſumed ſhall be liquidated and adjuſted, among the States, according to the ratio of repreſentation, and effectual proviſion be henceforth made for paying the ballances to the Creditor States, at the expence of the Debtor States. This will be the next ſubject of diſcuſſion.

The committee roſe and reported progreſs.

The committee on the petition of Francis Bailey, brought in a bill which was read the firſt time.

In committee of the whole on the naturalization bill: Some progreſs was made in the diſcuſſion; but the committee roſe without finiſhing the buſineſs, and the Houſe adjourned to Monday next.

IMPORTANT EUROPEAN NEWS.

Received by the lateſt Arrival.

CALCUTTA, (Eaſt-Indies,) May 20, 1789.

BY letters from Bombay we have been favored with a more particular account of the operations of Tippoo before Tellichery than has yet appeared.

On the 23d of March, Tippoo approached the neighbourhood of Tellichery with a force ſo conſiderable as to be ſeriouſly alarming. On the 26th, he encamped on Tandatenny, within ſight, and not more than four miles diſtant from the town. One of the ſeapoys belonging to the garriſon, cutting wood on the banks of the ſtream which ſeparates the diſtricts of the Engliſh and Tippoo, was wantonly ſhot by a party of his troops. From the diſpoſition of his army, and ſome threatening appearances, an attack was hourly expected; the inhabitants, to the number of two thouſand, were, in conſequence armed. Several deſerters came in from Tippoo's army, and theſe he required to be delivered up in the moſt inſolent and unbecoming terms. Very properly, his requeſts were treated with the utmoſt contempt. Among other deſerters was a party of Frenchmen who belonged to Lally's corps; that theſe men ſhould be delivered up, Tippoo was particularly anxious; however, to be out of danger, they were ſent round to the government at Bombay on the Shah Syriah. On the evening of the 30th Tippoo, with his whole encampment marched off, avowedly for Pimlipatam, but as the veſſel which brought this inteligence to Bombay left Tellichery the ſame night, it is uncertain where he has directed his rout.

The Government of Bombay have given protection to great numbers of Nairs to whom Tippoo has ſhewn a moſt implacable hatred, and on whom he has indiſcriminately exerciſed the moſt ſtudied cruelties; many of theſe poor wretches has he again and again, marched into wide and extenſive plains; there ordered their legs and arms to be cut off in his own preſence, and in that mutilated ſtate left them laying on the ground, prohibiting under pain of death any relief being affor[illegible]ded to the miſerable ſufferers. During the march of Tippoo from Seringapatnam to Tillichery no leſs than five thouſand have been ſacrificed to the vindictive caprice of this unfeeling Tippoo.

MADRAS, May 10, 1789.

The letters from the ſouthward, received yeſterday and to day bring an account of an oppoſition to the detatchment under the command of Col. Stewart, rather more obſtinate than was expected at ſo early a ſtage; and of an action on the 14th inſtant, bravely maintained by the Murdoos, as they were called—Vellee Murdoo, in defence of the fort at Collungoody.

The following are the particulars mentioned in an extract of a letter from the Camp at Colungoody.

"This morning at ſix o'clock we began the attack, and I am very ſorry to add, it was deſperate and bloody, beyond conception; it laſted until near one o'clock in the afternoon, when the principal village was taken; but it was ſtormed once or twice before this could be effected, and our people were repulſed with the loſs of ſome men; the artillery could not get up to ſupport them, or they muſt have carried it the firſt attack. Lient. Taylor was ſhot through the thigh by a muſket ball; Capt. Read ſlightly wounded in the leg; and, as near as I can gueſs, four or five of our grenadiers are killed, and twelve wounded, ſome of them mortally; many of the 72d are killed and wounded, but none of their officers. Mr. Freer is ſhot through the arm, and the bone dangerouſly ſhattered. Enſigns Macklerah, Ridge, and Cornack, are wounded, as is Lieut Cuppage (ſlightly) in the hand. Several ſeapoys killed and wounded; the Nabob, who is with us, is alſo wounded.

"A deſerter from the Murdoos ſays, that Chinna Murdoo has loſt his ſon, and that another of the family is ſhot through the neck; a number of their people have been alſo killed and wounded. The artillery have had 15 men wounded, but no officer hurt. Some horſes, and a quantity of grain, were found in the place.

CONSTANTINOPLE, Sept. 22.

WE learn that the Ruſſian fleet has again taken poſſeſſion of the iſland of Zea, after defeating the Algerine ſquadron, and that the commander of our fleet in the Archipelago has loſt his head, by order of his Highneſs, for not oppoſing the ravages of the privateers there.

VIENNA, Nov. 19.

A courier has this moment arrived with the news that General Fabry has taken Cladova, and conſequently the whole diſtrict of Kraſnia, comprifing 150 towns and villages. What renders this conqueſt of more importance is, that it will haſten the fall of Orſova, which receives maſt of its proviſions from that quarter.

An officer from Prince Potemkin's army has brought intelligence of the ſurrender of Bender on the 15th inſtant, the garriſon of which fortreſs, with as many of the inhabitants as were diſpoſed to follow, were to be eſcorted to Iſmail.

LONDON, Dec. 31

By the Auſtrian accounts, it is ſaid, that the value of the ſtores taken from the Turks laſt campaign, amounts to twenty two millions of florins.

The veſſels diſpatched from England to America for wheat, may be expected to return in the middle of March; but ſhould they be delayed even a month after that, which is very unlikely, their arrival then would deſtroy the combination, the effects of which muſt have at that time, and till the harveſt, been ſeverely felt, had not government wiſely opened the ports.

Extract of a Letter from an Engliſh Gentleman at Bruſſels, Dec. 15.

"At half after three o'clock, while I was at dinner, the town bells rang the alarm, the patriots flew to arms, ſeized the critical moment, overpowered all the poſts in the lower town, maſtered the Mint, &c. This work was over by ſix o'clock, but the worſe was yet to come; neither reaſon nor argument could prevail on the Patriots to deſiſt from attacking the grand place oppoſite the Maiſon de Ville, which they hazarded againſt a whole battallion, furniſhed with eight pieces of cannon, and every avenue guarded. At half after nine the aſſault began, and continued with unremitting fury till half after 12 o'clock, when the troops called for a parley; but it was too late, they were all captured. Thus the Patriots got poſſeſſion of all the lower town, and Dalton aſked a ſuſpenſion of arms for a few hours; it was granted, for reſt was neceſſary to the Patriots. At nine o'clock on Saturday morning, to the ſurpriſe of every body, Dalton evacuated the town in the moſt precipitate manner, and the troops went out of the Portede Namur, rather pell mell, than otherwiſe; and all this I ſaw, for I was about the whole time. He had 4500 effective men, and 18 pieces of braſs cannon, beſides howitzers. This famous hero was with the advanced guard, his hat flapped, and night-cap over his head, and by that time the rear of the army got out of the gate, he muſt have been three miles off. I am very ſure there is not in hiſtory ſo diſgraceful a retreat; for if Dalton had been poſſeſſed of ſkill, or courage, he might have demoliſhed the town and Patriots together, which did not exceed 800 at the commencement; and who ſupplied the want of good arms and order by deſperate courage. The whole country is now in the hands of the Patriots, and the Emperor may bid adieu to the Pays Bas. This Revolution is one of the moſt extraordinary in the annals of time, conducted with a regularity and humanity that does the natives great honor; not a Royaliſt has even ſuffered the ſmalleſt inconvenience, their houſes are guarded with the utmoſt circumſpection, and we are now perfectly quiet and tranquil."

No leſs than 120 veſſels have already been diſpatched to America for corn.—From Liverpool 54—Briſtol 33.—The coaſts of Devonſhire and Cornwall 33.—

Letters by yeſterday's Flanders mails brings us the confirmation of the Auſtrians having evacuated Machlin and Termonde. In the former place, the patriots found a train of artillery, with 60000 ſtand of ſmall arms, ſo that they are abundantly provided with warlike ſtores. On hearing of the taking of Bruſſels, the Imperialiſts left Louvain. Some letters mentioned poſitively that General Dalton is taken priſoner, with the whole body of troops with which he was endeavoring to retreat to Luxemburgh from Bruſſels. On his march, he took many of the nobles out of their country ſeats, and ſent them hoſtages to Luxemburgh. However, the patriots have been even with him; for they have ſeized Count Cobenziel, Gen. Lelien, and the Prince Starenberg, who were juſt arrived from Vienna to mediate a pacification of the preſent troubles, and will keep them as counter hoſtages.

Government have in contemplation a colony for the Pelew iſlands.

At Conſtantinople ſuch dreadful tumults are reported to prevail, as have obliged the Sultan Selim to abandon that city. Much blood has been ſhed on the occaſion, and it is ſuppoſed the inſurrection will end in the dethronement of the Emperor.

His Majeſty's packet-boat the Sandwich, Capt. Dillon, which brought over the mail of Friday from New-York, has remittances to the merchants to the amount of upwards of 60,000l.—10001. in Specie, and orders for great quantites of goods of all ſorts.

The French Miniſter, it is ſaid, has made a propoſition to the Dutch to ſell them the debt due them from the American Congreſs, for their ſervice laſt war, which, it is ſaid, has been accepted of. The Americans have given their conſent to the transfer, by which means a very conſiderable ſum of money will be raiſed at once for the ſervice of the French King. Our Court had the firſt offer of purchaſing the debt, but refuſed it.

NATIONAL ASSEMBLY.

PARIS, *December* 17.

The Aſſembly decreed, on the motion of the Military Committee, that all French troops, except militia and national guards, ſhall be levied by voluntary enliſtment.

A Carthuſian appeared in the National Aſſembly to ſucceed M. de la Baſtide as Deputy of Auvergne: It was the firſt, and will, in all probability, be the laſt time that ſuch a monk honored a French Senate. He mounted the roſtrum, and delivered a ſpeech applauded by all the audience for its wiſdom, patriotiſm, religion, and philoſophy.

December 19.

This day, after a warm debate, the plan of Finance agreed on by M. Necker, the committee of ten, and the directors of the Caiſſe D'Eſcompte, was decreed by a great majority.

December 21.

The new diviſion of the kingdom into departments, is in great forwardneſs; the committee of conſtitution having been materially aſſiſted in their labors by the deputies from the ſeveral provinces.

Tranſlation of a letter from General de Paoli, to the National Aſſembly.

"Mr. Preſident: It is with tranſports of joy more eaſy to be imagined than expreſſed, that I entreat you to make known to the aſſembly, over which you preſide, the ſentiments of my moſt profound reſpect, and moſt lively acknowledgement for the decree which you have paſſed in favor of my country and companions.

"In admitting Corſica to the perfect enjoyment of all the advantages which reſult from the happy conſtitution that you have eſtabliſhed, you have at length found the moſt efficacious means of ſecuring for ever the attachment and fidelity of its inhabitants: and in granting to my expatriated companions the power of returning and enjoying all the privileges of French ſubjects, while you manifeſt your juſtice and generoſity, you attach to your new Conſtitution a number of individuals that will defend it to the laſt drop of their blood; and the beneficent Monarch, the reſtorer of the liberty of his people, who has ſanctioned theſe decrees, will have no ſubjects more devoted to his glory.

"Permit me the honor to ſay, that I am, with the moſt profound reſpect, yours, &c.

DE PAOLI."

London, Dec. 11, 1789.

FOR THE GAZETTE OF THE UNITED STATES.

LETTER.——No. III.

MR. FENNO,

BEFORE we can form a clear idea upon matters, we muſt firſt acquaint ourſelves with the name, the nature and circumſtances of the thing. Thus I was compelled to travel over large philoſophical and hiſtorical grounds, to find the place of the wool hairy negro in the order of nature. Animated beings, therein conſidered, in ſtrength of body, or in their intellectual ſtrength, in either the one, or the other caſe, the weakeſt is ruled by the ſtrongeſt. As plainly as I conceive, that the ox is born to plough my ground, as plainly alſo the philoſopher will ſee, that nature has deſignated the wool hairy negro by innate inferiorities, in conſequence of which, he is the ſlave of other nations. But when nations have attained a high degree of cultivation, and population, they feel the impropriety to have ſlaves, and if not compelled by circumſtances, they will ſuffer none; this leads me to conſider ſlaves, on political ground.

Where ſlaves are numerous, plots, inſurrections, and war will be the conſequence; for examples of theſe, the hiſtory of the ſlaves in Sparta, in ancient Rome, in Surinam, in the Weſt-India iſlands, furniſh ſufficient proof. Slaves are a contradiction to the laws of a free government, and to thoſe of a well regulated monarchy; this is exemplified by the proceedings of the Engliſh and French; theſe were for a while uniform, any negro was free the moment he ſtood on French or Engliſh ground; but the conſequences ariſing from the acquiſition of this new ſpecie of citizens were ſoon perceived; the Engliſh to get rid of the evil, try now to colonize them in Africa, and the French have without ceremony ſent them to the ſugar iſlands; probably they were ſold for the Kings account, what I know by experience gives ground for this opinion; in the year 1786, one of my negroes, a girl of about eleven years, a pet of my wife's, was in conſequence of that law in France, taken up by the police in port l'Orient, and ſent to the iſlands to be ſold for the Kings benefit. The reaſon of theſe proceedings in both nations is, that when prompted by humanity to make out of wool hairy negroes citizens of the realm, they did not conſider, that they had given up their power to prevent the intermarriage of the black citizens with their white women, &c. &c.—thus to mend what inconſiderately had been done, the Engliſh put themſelves to trouble, and expence to colonize them, and the French, notwithſtanding their urbanity, did a manifeſt piece of injuſtice.

In ancient times, the Portugueſe and Spaniards, were as white as other Europeans, but they were conquered by Carthaginians, Mauritanians, and other African, ſwarthy, and black people; the intermarriage was enforced by conqueſt, hence the dark colour prevails among the two nations; their minds have not however been debaſed by the intermixture, becauſe, the conquerors were high ſpirited, long haired *tawnies and blacks.*

RUSTICUS.

FROM THE VIRGINIA INDEPENDENT CHRONICLE.

ODE,

For the BIRTH DAY of *THE PRESIDENT.*

By the Rev. THOMAS THORNTON.

HAIL to the ſun, whoſe circling ray,
Once more revolves the happy day
That gave our HERO birth;
Prepare the feaſt, in pairs advance,
To raiſe the ſong, or lead the dance.
To jollity and mirth.

CHORUS.

Blow the trumpet, ſound the flute,
Tune the viol, ſtrike the lute,
And let ev'ry free-born ſoul
Chaunt his name from Pole to Pole.

Ambition fir'd the chiefs of old,
To fight for empire, or for gold,
How few for liberty:
But he was born, by Heav'n deſign'd,
To ſcourge th' oppreſſors of mankind,
And ſet th' oppreſſed free.

Cæſar and Philip's frantic ſon,
With arms and chains, the world o'er run,
To gratify their pride:
Benevolence and valor join'd,
Diſplay the greatneſs of his mind,
And all his actions guide.

NASSAU forſook his native land,
Great Britain's ruin to withſtand,
And he the nation ſav'd:
Great MARLBRO' led her conquering force,
Where nothing could retard his courſe,
And ev'ry danger brav'd.

WILLIAM's high deeds a crown obtain'd,
A Prince's title MARLBRO' gain'd;
But greater is HIS claim,
Thirteen United People's prayers,
Their Soldier's hearts, their Senate's cares,
Are offer'd all for HIM.

Propitious victory has ſpread
A grove of laurels round his head,
And Peace his conqueſt crown'd:
May no malignant ſpirit dare,
With baneful breath, God grant my prayer,
His Fame or Peace to wound.

But may kind Angels near him wait,
To bear him late, O very late,
From hence to realms above;
And may he be permitted there,
As with his arm he freed us here,
To ſpeed us with his love.

CHORUS.

Blow the Trumpet, &c. &c.

RECITATIVE.

Had I my favorite PRIOR's happy vein,
I'd ſing his triumphs in a noble ſtrain;
NASSAU or MARLBRO' ſhou'd not brighter ſhine,
In bolder figures, or a ſmoother line;
Enſigns and Trophies ſhou'd adorn his bowers,
And *Vernon's Mount* riſe high as *Blenheim's* towers.

CHORUS.

Blow the Trumpet, &c. &c.

FOR THE GAZETTE OF THE UNITED STATES.

MR. FENNO,

Being in the gallery this day, the rapidity of certain movements, gave riſe to the following, which pleaſe to publiſh, and oblige, S. FEB. 26.

THE TYPE-NOSTRUM.

THE maxim's held by all mankind,
That Quacks in ev'ry trade we find;
And yet how few are on their guard—
Pretenders ſeldom miſs reward:
E'en Senates—form'd of learned ſages—
Have been be-quack'd, *in former ages.*
All hail ye labor-hating crew,
Who keeping *novelty* in view,
Mankind bewilder and ſurprize,
I ſee with *your's*—not their *own eyes.*
Yet (ſpight of noſtrum, pill and powder,
The knell of death was never louder.

But noſtrum, hid in *broken ſteel,*
To benefit the common weal—
May juſtly make a ſtoic feel.
Yet B——k no mortal ſnout,
Can ſcent this wondrous ſecret out—
And ev'n C——m to think,
That he can make ſuch ſtrokes in ink,
As ſhall defy all future cheats,
T' enrich themſelves by counterfeits.
Hence patents "ready (c) and dry"—
Confirm the maxim in my eye;
While B—'s meer *chance medley ſtroke,*
Prove wit and genius all a joke!——

NEW-YORK, FEBRUARY 27.

A CORRESPONDENT.

The aſſumption of the State debts appears to be attended with many difficulties, in the contemplation, but while it is very well known that ingenious men can very eaſily perplex and embarraſs any buſineſs when under diſcuſſion---and although it is conceded that the preſent ſubject is attended with circumſtances that require conſideration; it is without doubt a meaſure that involves the juſtice, peace and ſtability of the government---and it is conceived that the great and deſirable event of a ſettlement of accounts between the individual ſtates and the United States, can be brought about in no other way.

One great advantage gained by the people of the United States in the late revolution, is the almoſt total abolition of dry taxes; for it is notorious that the laws for direct taxation operated moſt unequally, as the poor were the victims, while the wealthy could very eaſily evade paying any thing like their proportion: But in impoſts, and eſpecially exciſes, there is not ſuch opportunities to evade; as the conſumers muſt inevitably pay in proportion to the conſumption. In this view, every perſon becoms intereſted in the punctual execution of the laws, for ſmuggling and evaſions cauſe deficiencies, which take money out of the pockets of the poor.

The PRESIDENT OF THE UNITED STATES, now reſides in Broad-Way, in the houſe, that was lately improved by the Hon. *Chargé de Affaires* of his Moſt Chriſtian Majeſty, who has removed to Cherry-Street.

☞ "AFRICANUS" *in our next.*

☞ *Wanted by the Editor of this paper, a Houſe that will accommodate a large family, and the printing buſineſs—from the firſt of May next.*

ARRIVALS.—NEW-YORK.

Friday. Ship Peacock, Pearſon, St. Kitts, 18 days.
Ship Alexander, Woodard, St. Ubes.
Brig Federaliſt, Marſh, St. Thomas.

REPORT

of the SECRETARY of the TREASURY to the HOUSE of REPRESENTATIVES.

TREASURY DEPARTMENT, *Jan.* 9, 1790.

[CONTINUATION.]

THE Secretary conceiving, that he could not convey an accurate idea of the plan contemplated by him, for the collection of theſe duties in any mode ſo effectual as by the draft of a bill for the purpoſe, begs leave reſpectfully to refer the Houſe to that, which will be found annexed to this report, relatively to the article of diſtilled ſpirits; and which, for the better explanation of ſome of its parts, is accompanied with marginal remarks.

It would be the intention of the Secretary, that the duty on wines ſhould be collected upon preciſely the ſame plan with that on imported ſpirits.

But with regard to teas and coffee, the Secretary is inclined to think, that it will be expedient, till experience ſhall evince the propriety of going further, to exclude the *ordinary* right of the officers to viſit and inſpect the places in which thoſe articles may be kept. The other precautions, without this, will afford, though not complete, conſiderable ſecurity.

It will not eſcape the obſervation of the Houſe, that the Secretary, in the plan ſubmitted, has taken the moſt ſcrupulous care, that thoſe citizens upon whom it is immediately to operate, be ſecured from every ſpecies of injury by the miſconduct of the officers to be employed. There are not only ſtrong guards againſt their being guilty of abuſes of authority; they are not only puniſhable, criminally, for any they may commit, and made anſwerable in damages, to individuals, for whatever prejudice they may ſuſtain by their acts or neglects: But even where ſeizures are made with probable cauſe, if there be an acquittal of the article ſeized, a compenſation to the proprietors for the injury their property may ſuffer, and even for its detention, is to be made out of the public treaſury.

So ſolicitous indeed has the Secretary been, to obviate every appearance of hardſhip, that he has even included a compenſation to the dealers, for their agency in aid of the revenue.

With all theſe precautions to manifeſt a ſpirit of moderation and juſtice on the part of the government: And when it is conſidered, that the object of the propoſed ſyſtem is the firm eſtabliſhment of public credit; that on this depends the character, ſecurity and proſperity of the nation; that advantages in every light important, may be expected to reſult from it; that the immediate operation of it will be upon an enlightened claſs of citizens, zealouſly devoted to good government, and to a liberal and enlarged policy, and that it is peculiarly the intereſt of the virtuous part of them to co-operate in whatever will reſtrain the ſpirit of illicit traffic; there will be perceived to exiſt, the juſteſt ground of confidence, that the plan, if eligible in itſelf, will experience the chearful and prompt acquieſcence of the community.

The Secretary computes the nett product of the duties propoſed in this report at about one million ſeven hundred and three thouſand four hundred dollars, according to the eſtimate in the ſchedule K, which if near the truth, will, together with the probable product of the duties on imports and tonnage, complete the ſum required. But it will readily occur, that in ſo unexplored a field there muſt be a conſiderable degree of uncertainty in the data. And that, on this account, it will be prudent to have an auxiliary reſource for the firſt year, in which the intereſt will become payable, that there may be no poſſibility of diſappointment to the public creditors, ere there may be an opportunity of providing for any deficiency, which the experiment may diſcover. This will accordingly be attended to.

The proper appropriation of the funds provided, and to be provided, ſeems next to offer itſelf to conſideration.

On this head, the Secretary would propoſe, that the duties on diſtilled ſpirits, ſhould be applied in the firſt inſtance, to the payment of the intereſt of the foreign debt.

That reſerving out of the reſidue of thoſe duties an annual ſum of ſix hundred thouſand dollars, for the current ſervice of the United States; the ſurplus, together with the product of the other duties, be applied to the payment of the intereſt on the new loan, by an appropriation, co-extenſive with the duration of the debt.

And that if any part of the debt ſhould remain unſubſcribed, the exceſs of the revenue be divided among the creditors of the unſubſcribed part, by a temporary diſpoſition: with a limitation, however, to four per cent.

It will hardly have been unnoticed, that the Secretary has been thus far ſilent on the ſubject of the poſt-office. The reaſon is, that he has had in view the application of the revenue ariſing from that ſource, to the purpoſes of a ſinking fund. The poſt-maſter-general gives it as his opinion, that the immediate product of it, upon a proper arrangement, would probably be, not leſs than one hundred thouſand dollars. And from its nature, with good management, it muſt be a growing, and will be likely to become a conſiderable fund. The poſt-maſter-general is now engaged in preparing a plan, which will be the foundation of a propoſition for a new arrangement of the eſtabliſhment. This, and ſome other points relative to the ſubject referred to the Secretary, he begs leave to reſerve for a future report.

Perſuaded as the Secretary is, that the proper funding of the preſent debt, will render it a national bleſſing; Yet he is ſo far from acceding to the poſition, in the latitude in which it is ſometimes laid down, that "public debts are public benefits," a poſition inviting to prodigality, and liable to dangerous abuſe—that he ardently wiſhes to ſee it incorporated, as a fundamental maxim, in the ſyſtem of public credit of the United States, that the creation of debt ſhould always be accompanied with the means of extinguiſhment. This he regards as the true ſecret for rendering public credit immortal. And he preſumes, that it is difficult to conceive a ſituation, in which there may not be an adherence to the maxim. At leaſt he feels an unfeigned ſolicitude, that this may be attempted by the United States, and that they may commence their meaſures for the eſtabliſhment of credit, with the obſervance of it.

Under this impreſſion, the Secretary propoſes, that the nett product of the poſt-office, to a ſum not exceeding one million of dollars, be veſted in commiſſioners, to conſiſt of the Vice-Preſident of the United States or Preſident of the Senate, the Speaker of the Houſe of Repreſentatives, the Chief Juſtice, Secretary of the Treaſury and Attorney-General of the United States, for the time being, in truſt, to be applied, by them, or any three of them, to the diſcharge of the exiſting public debt, either by purchaſes of ſtock in the market, or by payments on account of the principal, as ſhall appear to them moſt adviſeable, in conformity to the public engagements; to continue ſo veſted, until the whole of the debt ſhall be diſcharged.

As an additional expedient for effecting a reduction of the debt, and for other purpoſes which will be mentioned, the Secretary would further propoſe that the ſame commiſſioners be authoriſed, with the approbation of the Preſident of the United States, to borrow, on their credit, a ſum, not exceeding twelve millions of dollars, to be applied,

Firſt. To the payment of the intereſt and inſtalments of the foreign debt, to the end of the preſent year, which will require 3,491,923 dollars, and 46 cents.

Secondly. To the payment of any deficiency which may happen in the product of the funds provided for paying the intereſt of the domeſtic debt.

Thirdly. To the effecting a change in the form of ſuch part of the foreign debt, as bears an intereſt of five per cent. It is conceived, that, for this purpoſe, a new loan, at a lower intereſt, may be combined with other expedients. The remainder of this part of the debt, after paying the inſtalments, which will accrue in the courſe of 1790, will be 3,888,888 dollars, and 81 cents.

Fourthly. To the purchaſe of the public debt at the price it ſhall bear in the market, while it continues below its true value. This meaſure, which would be, in the opinion of the Secretary, highly diſhonorable to the government, if it were to precede a proviſion for funding the debt, would become altogether unexceptionable, after that had been made. Its effect would be in favor of the public creditors, as it would tend to raiſe the value of ſtock. And all the difference, between its true value, and the actual price, would be ſo much clear gain to the public. The payment of foreign intereſt on the capital to be borrowed for this purpoſe, ſhould that be a neceſſary conſequence, would not, in the judgment of the Secretary, be a good objection to the meaſure. The ſaving by the operation would be itſelf, a ſufficient indemnity; and the employment of that capital, in a country ſituated like this, would much more than compenſate for it. Beſides, if the government does not undertake this operation, the ſame inconvenience, which the objection in queſtion ſuppoſes, would happen in another way, with a circumſtance of aggravation. As long, at leaſt, as the debt ſhall continue below its proper value, it will be an object of ſpeculation to foreigners, who will not only receive the intereſt, upon what they purchaſe, and remit it abroad, as in the caſe of the loan, but will reap the additional profit of the difference in value. By the government's entering into a competition with them, it will not only reap a part of this profit itſelf, but will contract the extent, and leſſen the extra profit of foreign purchaſes. That competition will accelerate the riſe of ſtock; and whatever greater rate this obliges foreigners to pay, for what they purchaſe, is ſo much clear ſaving to the nation. In the opinion of the Secretary, and contrary to an idea which is not without patrons, it ought to be the policy of the government, to raiſe the value of ſtock to its true ſtandard as faſt as poſſible. When it arrives to that point, foreign ſpeculations (which, till then, muſt be deemed pernicious, further than as they ſerve to bring it to that point) will become beneficial. Their money laid out in this country, upon our agriculture, commerce and manufactures, will produce much more to us, than the income they will receive from it.

The Secretary contemplates the application of this money, through the medium of a national bank, for which, with the permiſſion of the Houſe, he will ſubmit a plan in the courſe of the ſeſſion.

The Secretary now proceeds, in the laſt place, to offer to the conſideration of the Houſe, his ideas, of the ſteps, which ought at the preſent ſeſſion, to be taken, towards the aſſumption of the ſtate debts.

Theſe are briefly, that concurrent reſolutions of the two Houſes, with the approbation of the Preſident, be entered into, declaring in ſubſtance,

That the United States do aſſume, and will at the firſt ſeſſion in the year 1791, provide, on the ſame terms with the preſent debt of the United States, for all ſuch part of the debts of the reſpective ſtates, or any of them, as ſhall, prior to the firſt day of January in the ſaid year 1791, be ſubſcribed towards a loan to the United States, upon the principles of either of the plans, which ſhall have been adopted by them, for obtaining a re-loan of their preſent debt.

Provided that the proviſion to be made as aforeſaid, ſhall be ſuſpended, with reſpect to the debt of any ſtate, which may have exchanged the ſecurities of the United States for others iſſued by itſelf, until the whole of the ſaid ſecurities ſhall, either be re-exchanged, or ſurrendered to the United States.

And provided alſo, that the intereſt upon the debt aſſumed, be computed to the end of the year 1791; and that the intereſt to be paid by the United States commence on the firſt day of January, 1791.

That the amount of the debt of each ſtate ſo aſſumed and provided for, be charged to ſuch ſtate in account with the United States, upon the ſame principles, upon which it ſhall be lent to the United States.

That ſubſcriptions be opened for receiving loans of the ſaid debts at the ſame times and places, and under the like regulations, as ſhall have been preſcribed in relation to the debt of the United States.

The Secretary has now completed the objects, which he propoſed to himſelf, to compriſe in the preſent report. He has, for the moſt part, omited details, as well to avoid fatiguing the attention of the Houſe, as becauſe more time would have been deſirable, than to digeſt the general principles of the plan. If theſe ſhould be found right, the particular modifications will readily ſuggeſt themſelves in the progreſs of the work.

The Secretary, in the views which have directed his purſuit of the ſubject, has been influenced, in the firſt place, by the conſideration, that his duty from the very terms of the reſolution of the Houſe, obliged him to propoſe what appeared to him an adequate proviſion for the ſupport of the public credit, adapted at the ſame time to the real circumſtances of the United States; and in the next, by the reflection, that meaſures which will not bear the teſt of future unbiaſſed examination, can neither be productive of individual reputation, nor (which is of much greater conſequence) public honor, or advantage.

Deeply impreſſed, as the Secretary is, with a full and deliberate conviction, that the eſtabliſhment of public credit, upon the baſis of a ſatisfactory proviſion, for the public debt, is, under the preſent circumſtances of this country, the true deſideratum towards relief from individual and national embarraſſments; that without it, theſe embarraſſments will be likely to preſs ſtill more ſeverely upon the community—He cannot but indulge an anxious wiſh, that an effectual plan for that purpoſe may, during the preſent ſeſſion, be the reſult of the united wiſdom of the legiſlature.

He is fully convinced, that it is of the greateſt importance, that no further delay ſhould attend the making of the requiſite proviſion; not only, becauſe it will give a better impreſſion of the good faith of the country, and will bring earlier relief to the creditors; both which circumſtances are of great moment to public credit: but, becauſe the advantages to the community, from raiſing ſtock, as ſpeedily as poſſible, to its natural value, will be incomparably greater, than any that can reſult from its continuance below that ſtandard. No profit, which could be derived from purchaſes in the market, on account of the government, to any practicable extent, would be an equivalent for the loſs, which would be ſuſtained by the purchaſes of foreigners, at a low value. Not to repeat, that governmental purchaſes, to be honorable, ought to be preceded by a proviſion. Delay, by diſſeminating doubt, would ſink the price of ſtock; and as the temptation to foreign ſpeculations, from the lowneſs of the price, would be too great to be neglected, millions would probably be loſt to the United States.

All which is humbly ſubmitted.

ALEXANDER HAMILTON, *Secretary of the Treaſury.*

FOR THE GAZETTE OF THE UNITED STATES.

MR. FENNO,

THE management of the public debt in an honeſt and ſuitable manner is a ſubject on which much of our character, as a nation, depends. The government under the confederation entered into ſolemn ſtipulations with thoſe who loaned them monies—ſerved them in the field—ſupplied them with proviſions, &c.—And the former Congreſſes ſhewed a diſpoſition on all occaſions to make good thoſe ſacred engagements, but had not the power to draw forth the reſources of the country.

The good people of theſe States finding that the powers veſted in Congreſs by the former articles of confederation were very inadequate to thoſe things which were indiſpenſably requiſite to good government, have eſtabliſhed a New Conſtitution. The ſcene is now changed, and we behold with pleaſure a ſyſtem of government, adequate to all the purpoſes of the nation. Juſtice is expected to flow in pure ſtreams from this fountain, and that all the purpoſes expreſſed in the preamble to the Conſtitution will be fully anſwered. Now may the citizens of the United States contemplate with pleaſure a government, chaſte and pure—but any departure from public promiſes would give a wound to the ſyſtem, which time itſelf cannot cure.

By one of the articles in this New Syſtem "all "debts contracted and engagements entered in- "to before the adoption of this Conſtitution, "ſhall be as valid againſt the United States "under this Conſtitution, as under the confeder- "ation." Now may the public creditors, who have ſo long waited for payment, and who have exhibited examples of patience unknown in any other country, expect that the promiſes made them by the former government will be fulfilled. No doctrine of expediency can be admitted for any the leaſt departure from the public engagements—theſe promiſes muſt be conſidered as obligatory as thoſe which the people are under to ſupport the government.

But it is ſaid by ſome perſons that the government muſt now be cautious what promiſes they make, for a punctual fulfillment of their engagements will be expected—and any departure therefrom would be attended with fatal conſequences to the nation. To this I would ſay the greateſt caution is neceſſary in making the promiſes, and an exact fulfillment will, and ought to be expected; but let me aſk, is not the preſent government as ſacredly bound to fulfill the engagements made by the United States under the old confederation, as the members who may compoſe the government in 1796 will be to fulfil the engagements which may be made the preſent year—moſt certainly they are—and if paſt promiſes may be departed from, whowill be ſurety for the future.

But it is ſaid revenue cannot be found to diſcharge the expence of government, and pay ſo great intereſt on their debts (as they have promiſed) without too much burthening the people. Suppoſe this to be the caſe at this time, are we not riſing in importance, daily increaſing in numbers—and is it not highly probable that monied men will emigrate to our country, when they find that their property will be ſafe here—that the public faith is ſacredly kept—and that no deviation from public promiſes has taken place ſince the people eſtabliſhed a government adequate to all the purpoſes of the Union.

It has been frequently ſaid that the Report of the Secretary of the Treaſury diſcovers great abilities—in this ſentiment I moſt readily join—and add, that I have the higheſt opinion of his integrity—his determination to do honor to his country—and juſtice to her creditors; but at the ſame time I do not wholly approve of his plan reſpecting the public debts, becauſe I think it a departure from the promiſe of ſix pr. cent. and that the propoſed loan muſt be conſidered, in a certain degree as compulſory.

The Secretary propoſes four pr. cent. intereſt, and this is equal to ſix pr. cent. on two thirds of the debt. Let it now be propoſed that two thirds of the debt, in the hands of each individual, be funded at ſix pr. cent. and for the other third that he receive a certificate, purporting that the United States are indebted in ſuch ſum, which they promiſe to pay, with intereſt, at ſix pr. cent. and that in the firſt ſeſſion in the year 1795, they will provide funds for paying the annual intereſt, at the rate of ſix pr. cent. on ſuch of thoſe certificates as may be then unredeemed. Let the revenue from the Poſt Office, and the lands of the United States, be conſidered as a ſinking fund, and employed in ſuch manner as may be thought beſt, in purchaſing the evidences of the debts of the Union—and let all the debt, whether funded or unfunded, be redeemable at the pleaſure of the government. By this means may the National Faith be preſerved inviolate—public creditors be ſatisfied when they ſee government doing all in its power to make good former engagements—and it is probable that the day may not be very diſtant, when the National Credit being firmly eſtabliſhed, government may propoſe to her creditors to reduce their intereſt to four pr. cent. or borrow money at that rate of intereſt, and pay off the principal to thoſe who may not wiſh to reduce the intereſt: In ſuch caſe, and only ſuch can government propoſe a reduction of intereſt with propriety, and without a violation of public faith.

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